

West Central Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2011

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**West Central Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

Jack Williams	President	2011
Chad Ingels	Vice President	2011
Alan Albrecht	Board Member	2013
Brent Sharff	Board Member	2013
Charlie Barry	Board Member	2011

**School Officials**

John Johnson*	Superintendent	2011
Dr Robert Vintengl**	Interim Superintendent	2011
Kim Arndt	District Secretary/Business Manager	2011
Brian Gruhn	Attorney	2011

\*Resigned May 31, 2011

\*\*Appointed May 9, 2011

Independent Auditor's Report

To the Board of Education of  
West Central Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.


I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District at June 30, 2011; and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 19, 2012 on my consideration of West Central Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 35 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge  
Certified Public Accountant

March 19, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

West Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$2,799,772 in fiscal 2010 to \$2,816,718 in fiscal 2011, while General Fund expenditures increased from \$2,942,356 in fiscal 2010 to \$2,943,376 in fiscal 2011. The District's General Fund balance decreased from \$828,855 in fiscal year 2010 to \$702,192 in fiscal year 2011, a 15.3% decrease.
- The increase in General Fund revenues was attributable to an increase in state grant revenue in fiscal year 2011. The increase in expenditures was due primarily to an increase in the overall expenditures.
- The District's solvency ratio has decreased from 26.0% at June 30, 2010 to 21.1% at June 30, 2011. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Central Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**West Central Community School District Annual Financial Report**

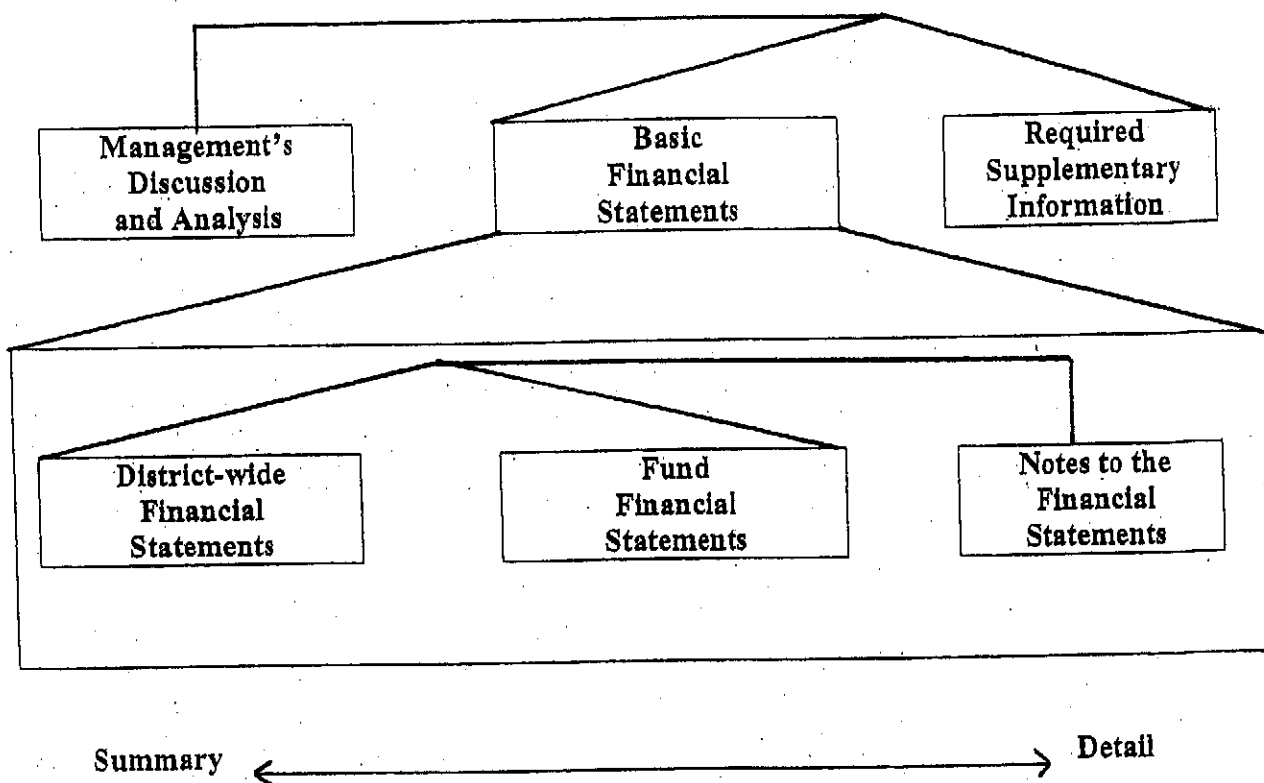


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	\$3,841,836	\$3,606,798	\$37,279	\$29,700	\$3,879,115	\$3,636,498	6.7%
Capital assets	1,271,121	1,145,094	6,240	7,539	1,277,361	1,152,633	10.8%
Total assets	\$5,112,957	\$4,751,892	\$43,519	\$37,239	\$5,156,476	\$4,789,131	7.7%
Long-term liabilities	\$213,727	\$236,617	\$-	\$-	\$213,727	\$236,617	-9.7%
Other liabilities	2,016,201	1,841,553	10,339	10,065	2,026,540	1,851,618	9.4%
Total liabilities	\$2,229,928	\$2,078,170	\$10,339	\$10,065	\$2,240,267	\$2,088,235	7.3%
Net assets:							
Invested in capital assets, net of related debt	\$1,236,907	\$1,077,077	\$6,240	\$7,539	\$1,243,147	\$1,084,616	14.6%
Restricted	1,047,806	373,289	-	-	1,047,806	373,289	280.7%
Unrestricted	598,316	1,223,356	26,940	19,635	625,256	1,242,991	-49.7%
Total net assets	\$2,883,029	\$2,673,722	\$33,180	\$27,174	\$2,916,209	\$2,700,896	8.0%

The District's combined net assets increased by nearly 8.0%, or approximately \$215,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by approximately \$675,000, or 280.7% over the prior year. The increase was primarily a result of reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$618,000, or 4.97%. This decrease in unrestricted net assets was a result of reclassification of unrestricted net assets.

Figure A-4 shows the change in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

**Figure A-4**

**Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for service	\$296,466	\$267,372	\$84,351	\$87,192	\$380,817	\$354,564	7.4%
Operating grants, contributions and restricted interest	508,444	628,719	72,699	69,460	581,143	698,179	-16.8%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,541,357	1,570,074	-	-	1,541,357	1,570,074	-1.8%
Local option sales and service tax	201,159	180,890	-	-	201,159	180,890	11.2%
Unrestricted state grants	937,463	726,312	-	-	937,463	726,312	29.1%
Unrestricted investment earnings	24,416	25,413	150	197	24,566	25,610	-4.1%
Other	24,385	21,637	-	-	24,385	21,637	12.7%
Total revenues	\$3,533,690	\$3,420,417	\$157,200	\$156,849	\$3,690,890	\$3,577,266	3.2%
Program expenses:							
Governmental activities:							
Instruction	\$2,159,255	\$2,394,818	\$-	\$-	\$2,159,255	\$2,394,818	-9.8%
Support services	1,013,880	905,946	-	-	1,013,880	905,946	11.9%
Non-instructional programs	-	-	151,194	145,378	151,194	145,378	4.0%
Other expenses	146,704	142,735	-	-	146,704	142,735	2.8%
Total expenses	\$3,319,839	\$3,443,499	\$151,194	\$145,378	\$3,471,033	\$3,588,877	-3.3%
Change in net assets	\$213,851	-\$23,082	\$6,006	\$11,471	\$219,857	-\$11,611	1,893.5%

In fiscal year 2011, property tax and unrestricted state grants account for 67% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$3.7 million, of which approximately \$3.5 million was for governmental activities and \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.2% increase in revenues and a 3.3% decrease in expenses. Property tax decreased approximately \$28,000. The decrease in expenses is related to decreases in the negotiated salaries and benefits.

**Governmental Activities**

Revenues for governmental activities were \$3,533,690 and expenses were \$3,319,839 for the year ended June 30, 2011. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010.

**Figure A-5**

**Total and Net Cost of Governmental Activities**

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change	2011	2010	Change
Instruction	\$2,159,255	\$2,394,818	-9.8%	\$1,356,819	\$1,500,827	-9.6%
Support services	1,013,880	905,946	11.9%	1,011,406	903,846	11.9%
Non-instructional programs	-	-	-	-	-	-
Other expenses	146,704	142,735	2.8%	146,704	142,735	2.8%
Totals	\$3,319,839	\$3,443,499	-3.6%	\$2,514,929	\$2,547,408	-1.3%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$380,817.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$581,143.
- The net cost of governmental activities was financed with \$1,742,516 in property and other taxes and \$937,463 in unrestricted state grants.

#### **Business Type Activities**

Revenues for business type activities were \$157,200 and expenses were \$151,194. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

#### **INDIVIDUAL FUND ANALYSIS**

As previously noted, West Central Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,826,312 well above last year's ending fund balances of \$1,766,163.

#### **Governmental Fund Highlights**

- The General Fund balance decreased from \$828,855 to \$702,197, due in part to the increase in expenditures.
- The Management Fund balance increased from \$192,528 to \$340,148, due in part to the increase in property taxes.
- The Capital Projects Fund balance increased from \$680,117 to \$722,795 at June 30, 2011, representing an increase of approximately 6.3%.

#### **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$27,174 at June 30, 2010 to \$33,180 at June 30, 2011, representing an increase of approximately 22.1%.

#### **BUDGETARY HIGHLIGHTS**

The District's revenues were \$126,786 less than budgeted revenues, a variance of 3.3%. The most significant variance resulted from the District receiving less in State aid than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, the District had invested \$1,419,346, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 23.1% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$160,635.

The original cost of the District's capital assets was \$4,167,329. Governmental funds account for \$4,151,740, with the remainder of \$15,589 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$62,506	\$62,506	\$-	\$-	\$62,506	\$62,506	-
Buildings	630,591	628,096	-	-	630,591	628,096	0.4%
Improvement other than buildings	141,985	105,083	-	-	141,985	105,083	35.1%
Furniture and equipment	578,024	349,409	6,240	7,539	584,264	356,948	63.7%
Totals	\$1,413,106	\$1,145,094	\$6,240	\$7,539	\$1,419,346	\$1,152,633	23.1%

### Long-Term Debt

At June 30, 2011, the District had \$34,214 in other long-term debt outstanding. This represents a decrease of approximately 49.7% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's constitutional debt limit is approximately \$9 million.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2011	2010	2010-2011
Notes payable	\$34,214	\$68,017	49.7%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2011.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kim Arndt, the District Secretary/Business Manager, West Central Community School District, 305 Pember Street, Maynard IA 50655.

## **Basic Financial Statements**

## West Central Community School District

## Statement of Net Assets

June 30, 2011

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,088,974	\$ 31,474	\$ 2,120,448
Receivables:			
Property tax:			
Delinquent	19,580	-	19,580
Succeeding year	1,489,475	-	1,489,475
Accounts	25,900	605	26,505
Due from other governments	217,907	-	217,907
Inventories	-	5,200	5,200
Capital assets, net of accumulated depreciation	1,271,121	6,240	1,277,361
<b>Total Assets</b>	<b>\$ 5,112,957</b>	<b>\$ 43,519</b>	<b>\$ 5,156,476</b>
<b>Liabilities</b>			
Accounts payable	\$ 54,330	\$ 49	\$ 54,379
Salaries and benefits payable	283,533	7,953	291,486
Accrued interest	677	-	677
Deferred revenue-succeeding year property tax	1,489,475	-	1,489,475
Deferred revenue-other	188,186	2,337	190,523
Long-term liabilities:			
Portion due within one year:			
Note payable	34,214	-	34,214
Early retirement	41,000	-	41,000
Portion due after one year:			
Early retirement	114,755	-	114,755
Net OPEB liability	23,758	-	23,758
<b>Total Liabilities</b>	<b>\$ 2,229,928</b>	<b>\$ 10,339</b>	<b>\$ 2,240,267</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 1,236,907	\$ 6,240	1,243,147
Restricted for:			
Categorical funding	79,446	-	79,446
Management levy purposes	184,393	-	184,393
Physical plant and equipment	184,471	-	184,471
Student activities	61,172	-	61,172
Capital projects	538,324	-	538,324
Unrestricted	598,316	26,940	625,256
<b>Total Net Assets</b>	<b>\$ 2,883,029</b>	<b>\$ 33,180</b>	<b>\$ 2,916,209</b>

See notes to financial statements.



**West Central Community School District**

**Statement of Activities**

**Year Ended June 30, 2011**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 1,390,337	\$ 165,793	\$ 408,887	\$ -
Special instruction	247,314	23,350	74,400	-
Other instruction	521,604	106,682	23,324	-
	<u>\$ 2,159,255</u>	<u>\$ 295,825</u>	<u>\$ 506,611</u>	<u>\$ -</u>
<b>Support Services:</b>				
Student services	\$ 40,157	\$ -	\$ -	\$ -
Instructional staff services	158,811	-	-	-
Administration services	417,799	-	-	-
Operation and maintenance of plant services	237,706	-	-	-
Transportation services	159,407	641	1,833	-
	<u>\$ 1,013,880</u>	<u>\$ 641</u>	<u>\$ 1,833</u>	<u>\$ -</u>
<b>Other Expenditures:</b>				
Facilities acquisition	\$ 13,852	\$ -	\$ -	\$ -
Long-term debt interest	1,031	-	-	-
AEA flow-through	131,821	-	-	-
	<u>\$ 146,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Governmental Activities</b>	<u>\$ 3,319,839</u>	<u>\$ 296,466</u>	<u>\$ 508,444</u>	<u>\$ -</u>
<b>Business Type Activities:</b>				
<b>Non-Instructional Programs:</b>				
Food service operations	\$ 151,194	\$ 84,351	\$ 72,699	\$ -
<b>Total</b>	<u>\$ 3,471,033</u>	<u>\$ 380,817</u>	<u>\$ 581,143</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-815,657	\$	-	\$ -815,657
	-149,564		-	-149,564
	-391,598		-	-391,598
\$	-1,356,819	\$	-	\$ -1,356,819
\$	-40,157	\$	-	\$ -40,157
	-158,811		-	-158,811
	-417,799		-	-417,799
	-237,706		-	-237,706
	-156,933		-	-156,933
\$	-1,011,406	\$	-	\$ -1,011,406
\$	-13,852	\$	-	\$ -13,852
	-1,031		-	-1,031
	-131,821		-	-131,821
\$	-146,704	\$	-	\$ -146,704
\$	-2,514,929	\$	-	\$ -2,514,929
\$	-	\$	5,856	\$ 5,856
\$	-2,514,929	\$	5,856	\$ -2,509,073

**West Central Community School District**

**Statement of Activities**

**Year Ended June 30, 2011**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

**General Revenues:**

Property Tax Levied For:

General purposes

Capital outlay

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net assets

Net assets beginning of year

Prior period adjustment

Adjusting net assets beginning of the year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

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Governmental Activities	Business Type Activities	Total
\$ 1,399,741	\$ -	\$ 1,399,741
141,616	-	141,616
201,159	-	201,159
937,463	-	937,463
24,416	150	24,566
24,385	-	24,385
<hr/>		
\$ 2,728,780	\$ 150	\$ 2,728,930
<hr/>		
\$ 213,851	\$ 6,006	\$ 219,857
<hr/>		
\$ 2,673,722	\$ 27,174	\$ 2,700,896
-4,544	-	-4,544
<hr/>		
\$ 2,669,178	\$ 27,174	\$ 2,696,352
<hr/>		
\$ 2,883,029	\$ 33,180	\$ 2,916,209
<hr/>		

## West Central Community School District

Balance Sheet  
Governmental Funds

June 30, 2011

<b>Assets</b>	General	Management	Capital Projects	Non-major	Total
Cash and Pooled Investments	\$ 954,680	\$ 336,803	\$ 736,229	\$ 61,262	\$ 2,088,974
Receivables:					
Property Tax:					
Delinquent	14,810	3,294	1,476	-	19,580
Succeeding year	1,186,742	187,000	115,733	-	1,489,475
Accounts	22,138	51	1,211	2,500	25,900
Due from other governments	124,218	-	93,689	-	217,907
Due from other funds	72,450	-	-	-	72,450
<b>Total Assets</b>	<b>\$ 2,375,038</b>	<b>\$ 527,148</b>	<b>\$ 948,338</b>	<b>\$ 63,762</b>	<b>\$ 3,914,286</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 52,857	\$ -	\$ 1,383	\$ 90	\$ 54,330
Salaries and benefits payable	283,533	-	-	-	283,533
Deferred Revenue:					
Succeeding year property tax	1,186,742	187,000	115,733	-	1,489,475
Other	149,709	-	38,477	-	188,186
Due to other funds	-	-	69,950	2,500	72,450
Total Liabilities	<b>\$ 1,672,841</b>	<b>\$ 187,000</b>	<b>\$ 225,543</b>	<b>\$ 2,590</b>	<b>\$ 2,087,974</b>
Fund Balances:					
Restricted for:					
Categorical funding	\$ 79,446	\$ -	\$ -	\$ -	\$ 79,446
Management levy purposes	-	340,148	-	-	340,148
Student activities	-	-	-	61,172	61,172
School infrastructure	-	-	538,324	-	538,324
Physical plant and equipment	-	-	184,471	-	184,471
Unassigned	622,751	-	-	-	622,751
Total Fund Balances	<b>\$ 702,197</b>	<b>\$ 340,148</b>	<b>\$ 722,795</b>	<b>\$ 61,172</b>	<b>\$ 1,826,312</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,375,038</b>	<b>\$ 527,148</b>	<b>\$ 948,338</b>	<b>\$ 63,762</b>	<b>\$ 3,914,286</b>

See notes to financial statements.

## West Central Community School District

Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Net Assets

June 30, 2011

<b>Total fund balances of governmental funds (page 16)</b>	\$ 1,826,312
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	1,271,121
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-677
Long-term liabilities, including notes payable, early retirement and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds	<u>-213,727</u>
<b>Net assets of governmental activities (page 13)</b>	<u>\$ 2,883,029</u>

## West Central Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2011

	General	Management	Capital Projects	Non-Major	Total
<b>Revenues:</b>					
Local Sources:					
Local tax	\$ 1,159,696	\$ 240,045	\$ 342,775	\$ -	\$ 1,742,516
Tuition	179,107	-	-	-	179,107
Other	32,173	9,301	17,616	107,070	166,160
Intermediate sources	-	-	-	-	-
State sources	1,287,538	113	52	-	1,287,703
Federal sources	158,204	-	-	-	158,204
Total Revenues	\$ 2,816,718	\$ 249,459	\$ 360,443	\$ 107,070	\$ 3,533,690
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	\$ 1,286,295	\$ 32,479	\$ -	\$ -	\$ 1,318,774
Special instruction	311,002	-	-	-	311,002
Other instruction	411,345	-	-	106,017	517,362
	\$ 2,008,642	\$ 32,479	\$ -	\$ 106,017	\$ 2,147,138
Support Services:					
Student services	\$ 13,236	\$ -	\$ 26,466	\$ -	\$ 39,702
Instructional staff services	97,393	22,390	51,753	-	171,536
Administration services	396,098	14,157	-	-	410,255
Operation and maintenance of plant services	192,632	26,307	10,500	-	229,439
Transportation services	103,554	6,506	48,738	-	158,798
	\$ 802,913	\$ 69,360	\$ 137,457	\$ -	\$ 1,009,730
Other Expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 145,234	\$ -	\$ 145,234
Principal	-	-	-	33,802	33,802
Interest	-	-	-	1,272	1,272
AEA flow-through	131,821	-	-	-	131,821
	\$ 131,821	\$ -	\$ 145,234	\$ 35,074	\$ 312,129
Total Expenditures	\$ 2,943,376	\$ 101,839	\$ 282,691	\$ 141,091	\$ 3,468,997
Excess (deficiency) of revenues over (under) expenditures	\$ -126,658	\$ 147,620	\$ 77,752	\$ -34,021	\$ 64,693
Other financing sources (uses):					
Operating transfers in (out)	-	-	-35,074	35,074	-
Excess (deficiency) over revenue and other financing sources over (under) expenditures and other financing uses	\$ -126,658	\$ 147,620	\$ 42,678	\$ 1,053	\$ 64,693
Fund balances beginning of year	\$ 833,399	\$ 192,528	\$ 680,117	\$ 60,119	\$ 1,766,163
Prior period adjustment	-4,544	-	-	-	-4,544
Adjusted fund balances beginning of year	\$ 828,855	\$ 192,528	\$ 680,117	\$ 60,119	\$ 1,761,619
Fund Balances End of Year	\$ 702,197	\$ 340,148	\$ 722,795	\$ 61,172	\$ 1,826,312

See notes to financial statements.

## West Central Community School District

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities**

**Year Ended June 30, 2011**

**Net change in fund balances – total governmental funds (page 18)** \$ 64,693

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 285,364	
Depreciation expense	-159,336	126,028

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	\$ -	
Repaid	33,802	33,802

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ 1,386	
Other postemployment benefits	-12,299	-10,913

**Change in Net Assets of Governmental Activities (page 15)** **\$ 213,851**

See notes to financial statements.



## West Central Community School District

Statement of Net Assets  
Proprietary Fund

June 30, 2011

	School Nutrition
<b>Assets</b>	
Cash and cash equivalents	\$ 31,474
Accounts receivable	605
Inventories	5,200
Capital assets, net of accumulated depreciation	6,240
<b>Total Assets</b>	<b>\$ 43,519</b>
<b>Liabilities</b>	
Accounts payable	\$ 49
Salaries and benefits payable	7,953
Deferred revenue	2,337
<b>Total Liabilities</b>	<b>\$ 10,339</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 6,240
Unrestricted	26,940
<b>Total Net Assets</b>	<b>\$ 33,180</b>

See notes to financial statements.

**West Central Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended June 30, 2011**

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 84,351
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 50,728
Benefits	7,250
Purchased services	1,584
Supplies	90,333
Depreciation	1,299
Total operating expenses	\$ 151,194
Operating loss	\$ -66,843
Non-operating revenues:	
State sources	\$ 1,291
Federal sources	71,408
Interest income	150
Total non-operating revenues	\$ 72,849
Change in net assets	\$ 6,006
Net assets beginning of year	27,174
Net Assets End of Year	\$ 33,180

See notes to financial statements.

## West Central Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 84,204
Cash paid to employees for services	-57,609
Cash paid to suppliers for goods or services	-80,104
Net cash used by operating activities	<u>\$ -53,509</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,291
Federal grants received	59,654
Net cash provided by non-capital financing activities	<u>\$ 60,945</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 150</u>
Net increase in cash and cash equivalents	\$ 7,586
Cash and cash equivalents beginning of year	<u>23,888</u>
Cash and Cash Equivalents End of Year	<u>\$ 31,474</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ -66,843
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	11,754
Depreciation	1,299
Decrease in inventories	10
(Increase) in accounts receivable	-3
Increase in salaries and benefits payable	368
(Decrease) in deferred revenue	-143
Increase in accounts payable	49
Net Cash Used by Operating Activities	<u>\$ -53,509</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2011, the District received \$11,754 of federal commodities.

## West Central Community School District

Statement of Fiduciary Net Assets  
Fiduciary Fund

June 30, 2011

	Private Purpose Trust <u>Scholarship</u>
<b>Assets</b>	
Cash and pooled investments	\$ 5,501
<b>Liabilities</b>	
Accounts payable	\$ -
<b>Net Assets</b>	
Reserved for scholarships	\$ 5,501

See notes to financial statements.

**West Central Community School District**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**

**Year Ended June 30, 2011**

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 420
Interest income	33
Total additions	<u>\$ 453</u>
Deductions	
Support services:	
Supplies	<u>\$ 935</u>
Change in net assets	\$ -482
Net assets beginning of year	<u>5,992</u>
Net Assets End of Year	<u>\$ 5,510</u>

See notes to financial statements.

## **West Central Community School District**

### **Notes to Financial Statements**

**June 30, 2011**

#### **(1) Summary of Significant Accounting Policies**

West Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Maynard, Westgate and Randalia, Iowa and portions of the predominately agricultural territory in Fayette County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### **A. Reporting Entity**

For financial reporting purposes, West Central Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. West Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### **B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Fund is used to account for all resources used for District insurance and early retirement benefits.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

#### C. **Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.



Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and a charter school grant that will be recognized in fiscal 2011.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

**(3) Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects -- Physical Plant and Equipment Levy	\$ 35,074

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 62,506	\$ -	\$ -	\$ 62,506
Total capital assets not being depreciated	\$ 62,506	\$ -	\$ -	\$ 62,506
Capital assets being depreciated:				
Buildings	\$ 1,609,894	\$ 45,719	\$ -	\$ 1,655,613
Improvements other than buildings	125,845	47,305	-	173,150
Furniture and equipment	2,068,132	192,339	-	2,260,471
Total capital assets being depreciated	\$ 3,803,871	\$ 285,363	\$ -	\$ 4,089,234
Less accumulated depreciation for:				
Buildings	\$ 981,798	\$ 43,224	\$ -	\$ 1,025,022
Improvements other than buildings	20,762	10,403	-	31,165
Furniture and equipment	1,718,723	105,709	-	1,824,432
Total accumulated depreciation	\$ 2,721,283	\$ 159,336	\$ -	\$ 2,880,619
Total capital assets being depreciated, net	\$ 1,082,588	\$ 126,027	\$ -	\$ 1,208,615
Governmental Activities Capital Assets, Net	\$ 1,145,094	\$ 126,027	\$ -	\$ 1,271,121
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 17,776	\$ -	\$ 2,187	\$ 15,589
Less accumulated depreciation	10,237	1,299	2,187	9,349
Business Type Activities Capital Assets, Net	\$ 7,539	\$ -1,299	\$ -	\$ 6,240

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 90,761
Special	1,452
Other	4,242
Support services:	
Administration	6,634
Operation and maintenance of plant	6,900
Transportation	49,347

Total Depreciation Expense – Governmental Activities \$ 159,336

Business Type Activities:

Food service operations	<u>\$ 1,299</u>
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(5) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 68,017	\$ -	\$ 33,803	\$ 34,214	\$ 34,214
Early retirement	157,141	30,000	31,386	155,755	41,000
Net OPEB liability	11,459	12,299	-	23,758	-
Total	\$ 236,617	\$ 42,299	\$ 65,189	\$ 213,727	\$ 75,214

Bus Loan

On December 15, 2009, the District borrowed \$68,017 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 2.5%, with two annual payments of \$34,008.50.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed twenty-four years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2011 totaled \$31,386.

(6) **Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$121,244, \$118,597 and \$104,399, respectively, equal to the required contributions for each year.

(7) **Other Postemployment Benefits (OPEB)**

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 27 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation** – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County’s net OPEB obligations:

Annual required contribution	\$	16,212
Interest on net OPEB obligation		286
Adjustment to annual required contribution		-1,333
Annual OPEB cost	\$	15,165
Contributions made		-2,866
Increase in net OPEB obligation	\$	12,299
Net OPEB obligation beginning of year		11,459
Net OPEB obligation end of year	\$	23,758

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$71,632 to the medical plan. Plan members eligible for benefits contributed \$176,258, or 71% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$15,213	24.7%	\$11,459
June 30, 2011	\$16,212	17.7%	\$23,758

**Funded Status and Funding Progress** – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$116,172 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$116,172. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,190,019 and the ratio of the UAAL to covered payroll was 9.8%. As of June 30, 2011, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District’s funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$369.59 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(8) Risk Management**

West Central Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$131,821 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Categorical Funding**

The District's reserved fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
Home School Assistance Program	\$ 3,975
Gifted and Talented	22,365
At Risk Programs	16,625
Beginning Teacher Mentoring	773
Teacher Salary Supplement	7,423
Iowa Early Intervention Grant	7,265
Core Curriculum	9,003
Professional Development	10,092
Market Factors	1,925
	<u>\$ 79,446</u>

**(11) Subsequent Events**

The District has evaluated subsequent events through March 19, 2012 which is the date that the financial statements were available to be issued.

**(12) Prior Period Adjustment**

The General Fund had a prior period adjustment of \$4,544.

**(13) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 469,302	\$ 210,815
Change in fund type classification per implementation of GASB Statement No. 54	210,815	-210,815
Balances July 1, 2010, as restated	\$ 680,117	\$ -

## **Required Supplementary Information**



**West Central Community School District**

**Budgetary Comparison Schedule of Revenue, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**Year Ended June 30, 2011**

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 2,087,783	\$ 84,501
Intermediate sources	-	-
State sources	1,287,703	1,291
Federal sources	158,204	71,408
Total Receipts	\$ 3,533,690	\$ 157,200
Disbursements:		
Instruction	\$ 2,147,138	\$ -
Support services	1,009,730	-
Non-instructional programs	-	151,194
Other expenditures	312,129	-
Total Disbursements	\$ 3,468,997	\$ 151,194
Excess (deficiency) of receipts over (under) disbursements	\$ 64,693	\$ 6,006
Other financing sources net	-	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	\$ 64,693	\$ 6,006
Balances beginning of year	\$ 1,766,163	\$ 27,174
Prior period adjustment	-4,544	-
Adjusted balances beginning of year	\$ 1,761,619	\$ 27,174
Fund Balances End of Year	\$ 1,826,312	\$ 33,180

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final to Actual Variance
\$	2,172,284	\$	2,250,529	\$	-78,245
	-		-		-
	1,288,994		1,430,067		-141,073
	229,612		137,080		92,532
\$	3,690,890	\$	3,817,676	\$	-126,786
<hr/>					
\$	2,147,138	\$	2,899,038	\$	751,900
	1,009,730		1,471,484		461,754
	151,194		217,323		66,129
	312,129		952,296		640,167
\$	3,620,191	\$	5,540,141	\$	1,919,950
<hr/>					
\$	70,699	\$	-1,722,465	\$	1,793,164
<hr/>					
	-		-35,500		35,500
<hr/>					
\$	70,699	\$	-1,757,965	\$	1,828,664
<hr/>					
\$	1,793,337	\$	1,781,857	\$	11,480
	-4,544		-		-4,544
<hr/>					
\$	1,788,793	\$	1,781,857	\$	6,936
<hr/>					
\$	1,859,492	\$	23,892	\$	1,835,600
<hr/>					

**West Central Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2011**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

**West Central Community School District**

**Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)**

**Required Supplementary Information**

**June 30, 2011**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$116	\$116	0.0%	\$1,380	8.0%
2011	July 1, 2009	-	\$116	\$116	0.0%	\$1,190	9.8%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB obligation, funded status and funding progress.

## **Other Supplementary Information**

## West Central Community School District

**Balance Sheet**  
**Non-Major Governmental Fund**

June 30, 2011

	Special Revenue Student Activity
<b>Assets</b>	
Cash and pooled investments	\$ 61,262
Receivables:	
Accounts	2,500
<b>Total Assets</b>	<b>\$ 63,762</b>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Due to other fund	\$ 2,500
Accounts payable	90
Total Liabilities	<b>\$ 2,590</b>
Fund Balances:	
Restricted for:	
Student activities	\$ 61,172
Total fund balances	<b>\$ 61,172</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 63,762</b>

See accompanying independent auditor's report.

## West Central Community School District

**Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Governmental Funds**

**Year Ended June 30, 2011**

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total
Revenues:			
Local sources:			
Other	\$ 107,070	\$ -	\$ 107,070
Total Revenues	\$ 107,070	\$ -	\$ 107,070
Expenditures:			
Current:			
Instruction:			
Other instruction	\$ 106,017	\$ -	\$ 106,017
Other expenditures:			
Principal	-	33,802	33,802
Interest	-	1,272	1,272
Total Expenditures	\$ 106,017	\$ 35,074	\$ 141,091
Excess (deficiency) of revenues over (under) expenditures	\$ 1,053	\$ -35,074	\$ -34,021
Other financing sources (uses):			
Operating transfers in (out)	-	35,074	35,074
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	\$ 1,053	-	1,053
Fund balances beginning of year	60,119	-	60,119
Fund Balances End of Year	\$ 61,172	\$ -	\$ 61,172

## West Central Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2011

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
<b>Assets</b>			
Cash and pooled investments	\$ 483,112	\$ 253,117	\$ 736,229
Receivables:			
Property Tax:			
Delinquent	-	1,476	1,476
Succeeding year	-	115,733	115,733
Accounts	-	1,211	1,211
Due from other governments	55,212	38,477	93,689
<b>Total Assets</b>	<b>\$ 538,324</b>	<b>\$ 410,014</b>	<b>\$ 948,338</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 1,383	\$ 1,383
Due to other funds	-	69,950	69,950
Deferred revenue:			
Succeeding year property tax	-	115,733	115,733
Other	-	38,477	38,477
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 225,543</b>	<b>\$ 225,543</b>
Fund Balances:			
Restricted for:			
School infrastructure	\$ 538,324	\$ -	\$ 538,324
Physical plant and equipment	-	184,471	184,471
<b>Total fund balances</b>	<b>\$ 538,324</b>	<b>\$ 184,471</b>	<b>\$ 722,795</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 538,324</b>	<b>\$ 410,014</b>	<b>\$ 948,338</b>

See accompanying independent auditor's report.



## West Central Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Project Accounts**

**Year Ended June 30, 2011**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 201,159	\$ 141,616	\$ 342,775
Other	12,241	5,375	17,616
State sources	-	52	52
Total Revenues	<u>\$ 213,400</u>	<u>\$ 147,043</u>	<u>\$ 360,443</u>
Expenditures:			
Support Services:			
Student services	\$ -	\$ 26,466	\$ 26,466
Instructional staff services	-	51,753	51,753
Operation and maintenance of plant services	-	10,500	10,500
Transportation services	-	48,738	48,738
Other Expenditures:			
Facilities acquisition	144,378	856	145,234
Total Expenditures	<u>\$ 144,378</u>	<u>\$ 138,313</u>	<u>\$ 282,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 69,022</u>	<u>\$ 8,730</u>	<u>\$ 77,752</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	<u>\$ -</u>	<u>\$ -35,074</u>	<u>\$ -35,074</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 69,022</u>	<u>\$ -26,344</u>	<u>\$ 42,678</u>
Fund balances beginning of year, as restated	<u>469,302</u>	<u>210,815</u>	<u>680,117</u>
Fund Balances End of Year	<u>\$ 538,324</u>	<u>\$ 184,471</u>	<u>\$ 722,795</u>

See accompanying independent auditor's report.

## West Central Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Adjustment & Intra-Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	\$ 1,354	\$ 582	\$ 2,096	\$ 448	\$ 288
Yearbook	1,771	6,187	3,293	-	4,665
Student Council	1,955	987	1,720	-	1,222
Industrial Arts Club	544	2,208	1,041	-	1,711
Spanish Club	7,139	2,053	4,679	-	4,513
Senior Class	448	36	4,537	4,053	-
Junior Class	4,502	3,669	3,082	-1,479	3,610
Sophomore Class	3,022	37	19	630	3,670
Freshman Class	3,652	57	19	-1,005	2,685
8 <sup>th</sup> Grade	2,646	594	-	-1,471	1,769
7 <sup>th</sup> Grade	1,176	1,712	-	-17	2,871
6 <sup>th</sup> Grade	1,159	930	-	-1,159	930
Dramatics	2,013	-	488	-	1,525
Vocal Music	5,272	8,211	7,661	-	5,822
Instrumental Music	4,381	13,550	12,549	-	5,382
Athletics/Cheerleaders	-2,613	40,446	40,330	3,036	539
Musical/Concert	3,275	3,941	3,968	-	3,248
Resale	3,036	5,506	5,499	-3,036	7
Student Sales	-	5,140	5,140	-	-
School Store	2,740	5,810	5,453	-	3,097
Nice	12,647	3,684	3,592	-	12,739
Volleyball	-	1,341	851	-	490
Administrative	-	389	-	-	389
Total	\$ 60,119	\$ 107,070	\$ 106,017	\$ -	\$ 61,172

See accompanying independent auditor's report.

**West Central Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Eight Years**

	Modified Accrual Basis			
	2011	2010	2009	2008
Revenues:				
Local Sources:				
Local tax	\$ 1,742,516	\$ 1,750,964	\$ 1,700,374	\$ 1,664,476
Tuition	179,107	121,704	169,811	143,381
Other	166,160	192,718	193,387	216,854
Intermediate sources	-	-	-	-
State sources	1,287,703	1,069,884	1,487,707	1,453,179
Federal sources	158,204	285,147	119,538	88,053
Total	\$ 3,533,690	\$ 3,420,417	\$ 3,670,817	\$ 3,565,943
Expenditures:				
Instruction:				
Regular instruction	\$ 1,318,774	\$ 1,350,636	\$ 1,340,501	\$ 1,406,353
Special instruction	311,002	292,440	340,509	355,209
Other instruction	517,362	567,564	471,921	346,482
Support services:				
Student services	39,702	60,575	56,209	86,167
Instructional staff services	171,536	106,542	82,881	66,455
Administration services	410,255	368,357	344,019	390,760
Operation and maintenance of plant services	229,439	240,092	234,354	259,656
Transportation services	158,798	243,560	123,852	184,763
Other expenditures:				
Facilities acquisition	145,234	171,249	166,047	126,035
Long-term debt:				
Principal	33,802	32,054	30,890	27,556
Interest and other charges	1,272	1,237	2,367	1,036
AEA flow-through	131,821	130,188	122,544	121,513
Other	-	-	-	-
Total	\$ 3,468,997	\$ 3,564,494	\$ 3,316,094	\$ 3,371,985

See accompanying independent auditor's report.

Modified Accrual Basis			
2007	2006	2005	2004
\$ 1,682,478	\$ 1,603,994	\$ 1,566,663	\$ 1,541,666
151,282	105,135	123,884	94,614
196,830	173,203	160,173	139,862
-	-	-	-
1,357,074	1,262,051	1,208,978	1,129,526
266,627	347,091	132,515	124,120
\$ 3,654,291	\$ 3,491,474	\$ 3,192,213	\$ 3,029,788

\$ 1,413,620	\$ 1,325,824	\$ 1,274,530	\$ 1,284,799
315,070	287,561	312,201	443,725
378,970	371,405	334,254	226,936
97,900	85,290	62,575	15,971
68,587	81,900	26,920	38,471
381,383	463,644	370,212	362,137
240,501	252,904	218,514	221,229
118,284	214,689	99,812	82,537
56,902	243,209	171,727	138,813
26,571	-	45,700	92,140
2,024	-	2,171	2,770
113,415	105,970	103,247	103,304
-	-	934	-
\$ 3,213,227	\$ 3,432,396	\$ 3,022,797	\$ 3,012,832

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
West Central Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 19, 2012. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered West Central Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of West Central Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness and another deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-11 to be a significant deficiency.

### Compliance and Other Matters


As part of obtaining reasonable assurance about whether West Central Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Central Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit West Central Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Central Community School District and other parties to whom West Central Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of West Central Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge  
Certified Public Accountant

March 19, 2012

**West Central Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part I – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

- I-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

- I-B-11 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.



**West Central Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting:**

- II-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the certified budget.
- II-B-11 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-11 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-11 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-11 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.
- II-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**West Central Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting (continued):**

- II-L-11 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	469,302
Revenues/transfers in:			
Sales tax revenues	\$	161,140	
Other local revenues		12,241	
School infrastructure supplemental amount		40,019	213,400
			\$ 682,702
Expenditures/transfers out:			
School infrastructure construction			144,378
Ending balance		\$	538,324

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 0.00000	\$ 201,159
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-